

## **The Industrial Development of the City of Tucson, Arizona 2010 Annual Report**

### **MISSION**

The Industrial Development Authority of the City of Tucson, Arizona (the “**Tucson IDA**”) is a non-profit corporation, which has been designated by statute as a political subdivision of the State of Arizona. Tucson IDA receives no public funds, grant support or donations from any source, operating solely on revenues generated from its community activities. Tucson IDA’s mission includes issuing private activity bonds for qualified borrowers, assisting first time home buyers via mortgage revenue bond and mortgage credit certificate programs, and providing direct loans for Tucson community development projects.

The IDA has **4** stated goals:

- 1) **Economic Development.** The IDA will promote and assist in the rehabilitation, expansion and development of business and industry. The intent is to create and maintain jobs to assure an improved standard of living and an increase in the prosperity of all residents of the City of Tucson. The IDA will place an emphasis on new and expanding businesses where sources of traditional capital are not available.
- 2) **Affordable Housing.** The IDA will assist in the financing, rehabilitation and development of affordable housing and promote homeownership opportunities with an emphasis on the residents of the City of Tucson.
- 3) **Downtown, Neighborhood, and Community Development.** The IDA will promote and assist projects designed to enhance, revitalize and rehabilitate the cultural, social, economic, historical and physical resources of the downtown, lower income neighborhoods, in-fill projects, and of the broader Tucson community.
- 4) **Sustaining and Fiscally Sound Investments.** The IDA will participate in self-sustaining and fiscally sound investments commensurate with the risk and community interests.

The IDA has **4** stated objectives for **FY10-11**:

- 1) Promote success of existing **2009** Single Family Mortgage Revenue Bond Program.
- 2) Maintain and develop plans for existing Real Estate: Block 175 Parking lot, Stone/Council Parking lot, and 450 N. Main Avenue.
- 3) Leverage funds to establish a small business loan fund of **\$2 million**.
- 4) Develop and maintain a strong relationship with City of Tucson through support of:  
1) Housing Trust Fund, 2) Downtown Development, 3) Warehouse triangle district.

The IDA’s Board of Directors have been advised that the funds under their control are “**public funds**” and as a result they have a duty to be good stewards of those funds, which requires some level of diligence.

Activities, consideration and discussions of the Tucson IDA Board during calendar year **2010** include:

- Participation in the Single Family Mortgage Revenue Bond Program, **Series 2009** – New Issue Bond Program (“NIBP”)
- Loan Programs & Financial Tools available to further its mission. Included in the discussion was the possibility of working with the City to access funds through the **HUD Section 108** loan guarantee program. It was noted that revenue bonds are not affordable in the current market and credit enhancements are very difficult to obtain particularly if it is a variable rate bond as letters of credit are expensive particularly on a small project.
- Improvement of the Authority’s parking lots (Block 175 and Stone/Council) to include installation of lighting, installation of additional signage, sealing and re-striping, and landscape improvements.
- The purchase of 450 N. Main Avenue and the transfer of City of Tucson adjacent property to the Authority.
- Authorization in the hiring of a Surveyor to do an ALTA Survey on both the Arts BBQ site (450 N. Main Avenue) and the City of Tucson Right of Way and to direct the Surveyor to assist in evaluating options for the City easement that will provide access to all residents and businesses along the alley, as well as the drafting of a new legal description for the property to be dedicated to the City of Tucson to complete the alley alignment.
- Loan request from Pima County Community Land Trust and approval of a **\$50,000** draw on the **\$350,000** commitment to be used for insurance and start up costs.
- Loan request from Warehouse Arts Management Organization (“WAMO”) on behalf of Toole Shed, LLC, a to-be-formed Arizona limited liability company for the purchase of the 197 E. Toole Avenue property in the Warehouse Arts District. Preliminary contingent approval was provided to Borrower **November, 2010**.
- Opportunities for participation in downtown project presented by Plaza San Agustin LLC.
- Presentation by Downtown Tucson Partnership and request for possible participation in a downtown façade program.
- Establishment of the Authority’s Single Family Mortgage Credit Certificate Program of **2011** and authorization of all actions necessary. **2011** MCC Program origination period: **1/1/11 to 12/31/2013**.
- Request from Private Activity Bond Borrower (“Borrower”) for resolution consenting to the issuance of parity obligations through The Industrial Development Authority of the county of Yavapai and the execution of various documents. Borrower agreed to pay any costs associated with the Authority’s review and consent to release.

#### **2010 ACCOMPLISHMENTS:**

- The Authority acquired 450 N. Main Avenue from Arizona Department of Transportation (“ADOT”) in **March 2010** at a purchase price of **\$161,000**. The City of Tucson Mayor and Council previously approved transfer of certain land deemed excess right of way to the Authority, with the understanding and requirement that the City land be utilized for affordable housing with or without mixed use development
- **August 2010**, The Authority entered into a contract granting Chapman Management Group, LLC (“CMG”) the exclusive right to negotiate lease or leases on the property at 450 N. Main Avenue.

- The Authority received, from the City of Tucson, the fully executed Temporary Revocable Easement for 450 N. Main on **October 21, 2010**.
- Single Family Programs carried out during **2010**:

**2008 Single Family Mortgage Credit Certificate Program (“MCC”):** The MCC Program, available to qualifying homebuyers, is designed to reduce a first-time homebuyer’s federal income tax liability by providing a dollar-for-dollar federal tax credit equal to **20%** of the annual interest paid on a home mortgage. The homebuyer receives this benefit every year for as long as they remain in the home purchased.

**2008 Mortgage Credit Certificate Program – 1/1/2010 to 12/31/2010 Totals:**

Program Activity:		Female HH		
2008 MCC's issued:	13	Asian	1	
Average Household Size:	1.69	African Am.	0	
Average Household Income:	\$ 38,589.90	Hispanic	3	
Average Loan Amount:	\$118,278.31	White	9	1
Average Purchase Price:	\$125,445.00	Am. Indian	0	
80% or below AMI:	76.92%	Other	0	

**Total 2008 MCC Program Amount Issued 1/1/2010 to 12/31/2010: \$1,537,618**

**Single Family Mortgage Revenue Bond Program, Series 2009 (“MRB”) – New Issue Bond Program (“NIBP”):** On **December 23, 2009** The Tucson IDA in association with the Pima IDA issued **\$25,000,000** each for a combined total of **\$50,000,000** to participate in the NIBP. This initiative is part of the Administration’s “Making Home Affordable” program unveiled by President Obama in **February 2009**. Origination period for the NIBP is **1/1/2010 to 12/31/2011**. The MRB Program, available to qualifying homebuyers, offers 30 year fixed, low interest rate mortgages.

**2009 Mortgage Revenue Bond Program - NIBP – 1/1/2010 to 12/31/2010 Totals:**

Program Activity:		
Mortgage Loans Originated:	136	Asian 3
Average Household Size:	2.15	Asian & White 1
Average Household Income:	\$ 36,967.00	Black & White 2
Average Loan Amount:	\$109,007.00	Black & African Am 2
Average Purchase Price:	\$113,987.00	White 61
Average Age:	33	White & Hispanic 67
Interest Rate:	3.99% - 20 Loans	
	4.55% - 116 Loans	

**Total 2009 MRB Mortgage Loans Originated 1/1/2010 to 12/31/2010: \$14,824,940**